

Memorandum

To
Chris Matthews, Kevin Rupert, Larry Flanagan, Tracey Heinemann,
Emily Loewenstein

*MasterCard
International*



From
Nick Utton *N. Utton*

Date
November 7, 1996

Subject
MasterCard Exclusives - Development and Acceleration Plan

Copies to
G. Flood, N. Hemenway, Hadley Group, N. Risafi, M. Koutzen

Please review the attached press release from AMEX and develop an Accelerated Action Plan to develop/finetune the MasterCard Exclusives usage program. We must allocate the resources to ensure that Master Exclusives is superior to Visa's and AMEX's reward programs. We "might" want to proactively announce this to the press in the future.

Best regards

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P-0994

MC 87861

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News Release



Advanta
Corporation
Attn: A. Michael Reed
P.O. Box 600
Spring House, PA 15147-0600

For further information please contact:

Contact: Phyllis Hoffman
Advanta
On Nov. 7: 212/640-4868
After Nov. 7: 215/444-5073

or
Michael J. O'Neill
American Express
212/640-5951

**ADVANTA LAUNCHES MASTERCARD® AND VISA® CREDIT CARDS
LINKED TO THE AMERICAN EXPRESS® MEMBERSHIP REWARDS-
PROGRAM**

New York, November 7, 1996 — Advanta Corp. launched a new credit card today that is linked to American Express' Membership Rewards Program, the largest and most successful customer rewards program in the industry.

The no-fee credit card, known as the Rewards Accelerator® Card, enables American Express® Cardmembers enrolled in Membership Rewards to earn additional rewards points.

The new product is part of a broader alliance between American Express and Advanta, which is the only U.S. bank to offer MasterCard and Visa credit cards linked to the Membership Rewards program.

.....
Telephone press briefing with Advanta and American Express executives today from 11 a.m. to 12 noon (EST). To participate please call 1-800-289-0456. To hear a recording of the briefing at 2 p.m. and 4 p.m. (EST) call 1-800-289-1730.
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"The Rewards Accelerator Card is an unprecedented value proposition. With its introduction, consumers have the flexibility of choosing between different payment vehicles -- American Express products or our new MasterCard or Visa credit card -- all of which earn rewards points in one of the most popular rewards programs in the world," said Dennis Alter, chairman of Advanta Corp. "Now, consumers can enjoy the earnings power that comes from putting all of their rewards points into a single concentrated mass."

Harvey Golub, chairman and chief executive officer of American Express, said:

"On average, American consumers use six separate credit cards. And, like all issuers, we know that our customers will occasionally use another credit card and carry a balance. Experience and research tell us that customers would like new ways to earn Membership Rewards points even when they use a bankcard. This new card will leverage the power of Membership Rewards, help Advanta capture business that has been going to other issuers and provide financial benefits to both of us."

Product Features

The no-fee Rewards Accelerator Card, issued by Advanta National Bank, is a MasterCard or Visa credit card with an 8.9% introductory rate for the next six months. Thereafter, the interest rate for purchases and balance transfers is prime plus 9.65%, which would result today in an APR of 17.9%.

TOTAL P. 21

1 to 15
1250

Kenneth L. Chemausk, vice chairman, American Express, said: "This alliance is the latest in a series that American Express has formed around the globe. We believe that the company that provides the broadest choice of high-value products to consumers will win in the marketplace. There are times when developing a product on our own makes sense and other times when forming an alliance with another industry leader such as Advanta is the wisest strategy."

Membership Rewards

The Membership Rewards program, which was introduced in 1991, has been cited by *InsideFlyer* magazine as the best program of its kind for the past four years. Rewards points are redeemable for frequent flyer miles with 12 major airlines, for frequent guest points at six hotel chains, free rentals at three leading car rental companies, Land & Sea Vacations at 190 hotels and resorts worldwide, shopping rewards at popular retailers, a wide range of gourmet food purchases and for unique experiences such as a New York Culinary Experience consisting of cooking classes at the French Culinary Institute.

There is no annual fee on the Rewards Accelerator Card. American Express Cardmembers enrolled in Membership Rewards pay \$25 annually to participate in the program. Membership Rewards points have no expiration date.

With nearly six million customers, over \$18 billion in managed assets and 3,400 employees as September 30, 1996, Advanta Corp. (NASDAQ: ADVNB, ADVNA) is a rapidly growing consumer financial services enterprise. The company proudly serves consumers and small businesses through high quality, innovative offerings of credit cards, mortgages, leases, insurance and deposit products.

American Express (NYSE: AXP) is a worldwide travel, financial and network services provider founded in 1950. It is a leader in charge and credit cards, Travelers Cheques, travel, financial planning, investment products, insurance and international banking.

* * *

TOTAL P. 24

ADVANCE ADVNA -> starts card tied to AXP rewards

NEW YORK, Nov 7 (Reuters) - Advanta Corp launched a new credit card Thursday linked to the American Express Co <AXP.N> Membership Rewards Program, the two companies said in a joint announcement.

The companies said the no-fee credit card, called the Rewards Accelerator Card, will enable American Express cardmembers enrolled in Membership Rewards to earn additional rewards points.

An American Express spokesman said it is the first such card alliance between American Express and another card issuer in the U.S.

MORE

Rtr 09:34 11-07-96

:TICKER: ADVNA AXP

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ADVANTA <ADVANTA> starts card tied to AMEX #2

The companies said the Rewards Accelerator Card, issued by Advanta National Bank, is a MasterCard or Visa credit card with an 8.9 percent introductory rate for the next six months. Thereafter, the interest rate for purchases and balance transfers becomes the prime rate plus 9.65 percent, currently 17.9 percent.

Customers who use the new card will earn one Membership Rewards point for ever \$10 of their total month-end balance, which includes new purchases, cash advances and balance transfers, plus any balance carried over from the previous month.

MORE

R12 09:44 11-07-96

:TICKER: ADVANTA

:SUBJECT: CMOE F13 USA

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Advanta <ADVNA.C> starts card tied to AMEX =3

Customers who transfer \$500 or more from other credit cards to Rewards Accelerator will receive 1,000 bonus points at the time of acquiring the card. Rewards Accelerator cardholders will earn points if they become or remain American Express cardmembers enrolled in Membership Rewards.

Harvey Golub, chairman and chief executive of American Express, noted in a statement that the average U.S. consumer uses six separate credit cards. "This new card will leverage the power of Membership Rewards, help Advanta capture business that has been going to other issuers and provide financial benefits to both of us," he said.

REUTER

Rtr 10:00 11-07-96

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file Advanta *E-Mailed 11/11/96 9:35 AM*

To: Tom Wright/SFO/MASTERCARD, Jeanette Williams/ATL/MASTERCARD, Doug Miraglia/WIL/MASTERCARD, Cindy Payant/MASTERCARD, Ann Camarillo/MASTERCARD, Joseph Panaro/NYC/MASTERCARD, Gerard Cecchetelli/NYC/MASTERCARD

cc: Bill Brennan/NYC/MASTERCARD, Gail Hackett/NYC/MASTERCARD, Nikki Tsairis-Poole/NYC/MASTERCARD, Fred Gore/NYC/MASTERCARD, Gary Flood/NYC/MASTERCARD, Sheila Scarry/MASTERCARD, Robert Williams/NYC/MASTERCARD, Nicholas Utton/NYC/MASTERCARD, Noah Hanft/NYC/MASTERCARD, Steve Abrams/MASTERCARD, Charlotte Rush/NYC/MASTERCARD

From: Nancy Maffucci/NYC/MASTERCARD

Date: 11/08/96 11:47:56 AM

Subject: Response: Advanta-Amex

Privileged and Confidential

As you know, yesterday Advanta announced an alliance with American Express to offer Amex's membership miles program.

We have been advised from executive management that MasterCard's current response to members inquiring about our reaction to this announcement should one of no comment, especially since we have not had a chance to review the details of the program.

Visa, on the other hand, issued a statement which says the following: "The Visa brand is one of the most recognized and popular brands in the world. Visa encourage its members to expose and develop marketing programs and alliances that leverage the strength of the brand. Today's announcement from Advanta appears to be attempt at this. However, we are concerned about the arrangement's potential negative effect on intersystem competition -- something to which we have a longstanding commitment. We will be reviewing the details of this alliance with this issue in mind."